



Billing Code: 4810-AM-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

[Docket No. CFPB-2013-0003]

**Request for Information Regarding Financial Products Marketed to Students
Enrolled in Institutions of Higher Education**

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Notice and request for information.

SUMMARY: Section 1021 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) charges the Consumer Financial Protection Bureau (Bureau or CFPB) with “collecting, researching, monitoring and publishing information” about consumer financial products and services. The Bureau seeks information on how current and future partnerships or other arrangements between institutions of higher education (including their affiliated entities) and financial institutions could be structured to promote positive financial decision-making among young consumers. We also seek information to develop a clearer picture of the financial products and services that are being offered to college students, as well as consumers’ experiences using those products and services. The Bureau encourages comments from the public; including student and parent consumers, institutions of higher education, and financial institutions.

DATES: Comments must be received on or before March 18, 2013.

ADDRESSES: You may submit responsive information and other comments, identified by Docket No. CFPB-2013-0003, by any of the following methods:

- *Electronic:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Mail/Hand Delivery/Courier:* Monica Jackson, Office of the Executive Secretary, Consumer Financial Protection Bureau, 1700 G Street, NW, Washington, DC 20552.

Instructions: The Bureau encourages the early submission of comments. All submissions must include the document title and docket number. Because paper mail in the Washington, DC area and at the Bureau is subject to delay, commenters are encouraged to submit comments electronically. Please note the number associated with any question to which you are responding at the top of each response (you are not required to answer all questions to receive consideration of your comments). In general, all comments received will be posted without change to <http://www.regulations.gov>. Please do not include personal information in your comment that you do not wish to be made publicly available. In addition, comments will be available for public inspection and copying at 1700 G Street, NW, Washington, DC 20552, on official business days between the hours of 10 a.m. and 5 p.m. Eastern Standard Time. You can make an appointment to inspect the documents by telephoning 202-435-7275.

All submissions, including attachments and other supporting materials, will become part of the public record and subject to public disclosure. **Sensitive personal information, such as account numbers or Social Security numbers, should not be included.** Submissions will not be edited to remove any identifying or contact information.

FOR FURTHER INFORMATION CONTACT: For general inquiries, submission process questions or any additional information, please contact Monica Jackson, Office of the Executive Secretary, at 202-435-7275.

AUTHORITY: 12 U.S.C. 5511(c).

SUPPLEMENTARY INFORMATION:

Section 1021 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) charges the Consumer Financial Protection Bureau (Bureau or CFPB) with “collecting, researching, monitoring and publishing information” about consumer financial products and services. The Bureau seeks information on how current and future partnerships or other arrangements between institutions of higher education (including their affiliated entities) and financial institutions can be structured to promote positive financial decision-making and building of money management skills among young consumers. We also seek information to develop a clearer picture of the financial products and services that are being offered to college students, as well as consumers’ experiences using those products and services. The deadline for submission of comments is March 18, 2013.

The Bureau encourages comments from the public, including:

- Student and parent consumers;
- Institutions of higher education;
- Alumni associations;
- Providers of financial aid disbursement services;
- Financial institutions; and
- Other interested parties.

The Bureau is interested in receiving comments that could bear on its analysis of the student financial product and services market. The Bureau is therefore interested in responses to the questions outlined below.

Please note that the Bureau is not soliciting individual student account information in response to this notice and request for information, nor is the Bureau seeking personally identifiable information (PII) regarding student accounts from the parties or any third party. **Responses should not contain account numbers, Social Security numbers or other personal information that could be used to reveal personally identifiable information.** Below are some general areas for which information is being sought. Please feel free to respond to any or all of the questions below:

(1) Products marketed through campus affinity relationships.

Campus affinity products are generally financial products and services that carry an endorsement (either explicit or implicit) or mark of an institution of higher education. Examples of these products include those that display the name or mark of the institution, are bundled with student identification cards, and cards on which students can receive disbursements of financial aid or other funds from the institution of higher education.

In the past, relationships between financial institutions and institutions of higher education have drawn scrutiny and led to legislative action. For example, in 2007, former New York Attorney General Andrew Cuomo pursued action to address the steering of students to certain lenders of federal and private student loans in exchange for remuneration. For years, institutions of higher education provided access to financial

institutions to market credit cards to students. Congress addressed school preferred lender arrangements and marketing of campus credit cards on college campuses in legislation enacted in 2008 and 2009.

However, institutions of higher education may be uniquely positioned to create a beneficial environment for students in the selection of financial products and services. The Bureau is interested in better understanding the types of campus affinity products being offered, how institutions of higher education are defining these relationships, and the experience of students using these products. The Bureau seeks information on how partnerships between institutions of higher education (including their affiliated entities) and financial institutions might be structured to promote positive financial decision-making among young consumers.

- a) What types of campus affinity products are being offered to students (e.g., financial aid disbursement accounts, student banking, prepaid cards, and credit cards)?
- b) What are the features of these campus affinity products (e.g., online bill pay, mobile check deposit)?
- c) In what ways are campus-affiliated products marketed to students (e.g., included in campus admissions and/or financial aid offer letters, orientation materials, advertising at college sporting events)?
- d) What information about students is provided by institutions of higher education to financial institutions (e.g., e-mail address, date of birth, program of study)?
- e) How are card or other products offered to students (e.g., mandatory, opt-out, opt-in)? Does the student have a choice to decline the product? If so, what steps are

required to exercise that choice? Are there any consequences to the student for declining the product?

- f) What percentage of students at a college or university use the affinity product (e.g., financial aid disbursement, student checking accounts)? What percentage of financial aid recipients use the affinity product?
- g) To what extent are students able to choose a product other than the affinity banking product associated with the institution of higher education? What percentage of students do so?
- h) What types of fees are being charged in association with these products (e.g., overdraft and/or swipe fees)? What are the typical fee amounts? What are the terms and conditions of these products?
- i) To what extent are students able or not able to readily access funds from affinity products while on campus? Does the financial institution provide multiple ATMs? Where are those ATMs located (e.g., on campus, near campus)? Are ATMs also located on branch campuses? Do ATMs charge fees for withdrawal? If so, what are the fees and how are they assessed?
- j) What is the nature, number, and frequency of complaints related to these campus affinity products? Please do not include account numbers, Social Security numbers or other personal information that could be used to reveal personally identifiable information.
- k) Please describe the student experience in contacting the providers of campus affinity products with questions, errors, concerns, and complaints. What level of

service do students receive? Have students been treated in a fair, clear, and timely manner? Please provide examples.

- l) What challenges do institutions of higher education face when setting up these agreements?
- m) What terms do institutions of higher education agree to when they affiliate with a financial institution to offer students financial products and services? Please feel free to submit copies of any specific affinity agreements. Please ensure that any specific agreements do not contain any personally identifiable information.
- n) What types of limitations, if any, do these affinity agreements include with respect to the fees that will be charged to student users of the products?
- o) What additional information would have been helpful to the institution of higher education before setting up an affinity agreement?
- p) How much revenue do institutions of higher education generally receive annually in connection with these agreements? How does that revenue break down between student checking accounts, credit cards and other products and services? Is the revenue based on a per student basis, by number and/or volume of transactions by students, level of student account balances, fee revenue, or other measures?
- q) Does an institution of higher education save in operating costs or generate revenue by contracting with a financial aid disbursement vendor? If so, in what amounts?

- r) What are best practices or model terms for institutions that are looking to set up and/or renegotiate an agreement with financial institutions to offer products and services?
- s) What types of incentives do affinity agreements offer institutions of higher education?
- t) What types of incentives, if any, do students receive for choosing an affinity product?
- u) To what extent do institutions of higher education solicit requests for proposal for affinity agreements? What are some examples of an institution's request for proposal?
- v) Do institutions of higher education provide access to campus property to financial institutions in order to market products or provide workshops?
- w) To what extent are financial products bundled with student ID cards? What percentage of students utilize these bundled financial products (e.g., a student ID card that doubles as a debit card, or closed-loop meal card accepted by local business)? Are there any charges or fees associated with the use of the bundled financial product? If yes, how are they assessed?
- x) To what extent are affinity financial products also bundled with financial education programs? What is the utilization of these education programs and how does it affect student behavior?
- y) How do campus affinity products compare with banking products available to college students that are offered by financial institutions not affiliated with the institution of higher education?

(2) Other financial products marketed to students.

For many students, choosing a bank account is one of their first significant financial decisions, especially since the first banking relationship may last long after graduation. Students who understand how banking products work and when fees will be charged can save hundreds of dollars in fees each year. For example, according to a 2008 FDIC report, while half of young Americans manage to avoid overdraft fees, the other half incurs approximately seven overdrafts each per year.¹

- a) What types of financial products are tailored to the student consumer segment?
- b) What factors do students and parents consider when choosing financial products tailored for students? Which are the most important factors?
- c) What type of information is helpful in making that decision?
- d) How do financial institutions market these products to students and parents? Do financial institutions purchase enrollment information from third parties? Do financial institutions engage marketing consultants who specialize in the student consumer segment?
- e) What types of discounts and benefits are offered to students who sign up for a student banking account?
- f) What percentage of students sign up for student banking from banks and credit unions that are located on or in close proximity to the campus?
- g) What types of issues/complaints do students/parents have with these accounts?
- h) On average, how much does a student pay in fees per year?
- i) Which fees do students get charged most often?

¹ FDIC, *FDIC Study of Bank Overdraft Programs November 2008*, 79 (2008).

- j) What are the features of the different types of financial products and services that banks and credit unions offer to students? Are these financial products marketed as free checking for students?
- k) What restrictions do consumers need to satisfy in order to qualify for the student banking product or services? For example, does a student need to be enrolled in school full time or attend a particular institution? How is a student's status verified (e.g., student ID, transcript, notice of enrollment)?
- l) Are the terms and conditions of student banking products (including, for example, amount and frequency of fees or penalties) clearly disclosed, disclosed in a timely manner, and easy to understand? Have students had difficulty understanding and/or complying with these terms and conditions? Please provide examples.
- m) What percentage of student accounts have parents and/or family members as co-signers or joint account holders?
- n) To what extent do students use general purpose reloadable cards? How do institutions of higher education and financial institutions market these cards to students?
- o) How many students opt in to overdraft coverage?
- p) Do students usually sign up for their new account online or through a live interaction?
- q) How many student account holders do financial institutions serve?
- r) What percentage of students maintain an account or relationship with the financial institution after graduation or separation from college? After a student graduates

or separates from college how does their relationship with their financial institution change (e.g., do they sign up for additional products and services)?

Dated: January 30, 2013.

Garry Reeder,

Chief of Staff, Bureau of Consumer Financial Protection.

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